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MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 5th May 1964

S.O. 1609.—The following Order made by the President is published for general information:—

ORDER

In pursuance of the provisions of article 280 of the Constitution of India and of the Finance Commission (Miscellaneous Provisions) Act, 1951 (XXXIII of 1951), the President is pleased to constitute a Finance Commission consisting of Dr. P. V. Rajamannar as the Chairman and the following four other members, namely:—

- (1) Shri Mohan Lal Gautam, former Minister of U.P. Government.
- (2) Shri D. G. Karve, until recently Deputy Governor, Reserve Bank.
- (3) Prof. Bhabatosh Datta, Director of Public Instruction, West Bengal.
- (4) Shri P. C. Mathew—Member-Secretary :

2. The members of the Commission shall hold office for a period of fifteen months from the date on which they respectively assume office.

3. The Chairman Dr. P. V. Rajamannar shall render part-time service as Chairman of the Commission until such date as the Central Government may specify in this behalf and thereafter he shall render whole-time service as Chairman of the Commission. Of the other members, Shri D. G. Karve would serve as a part-time member, while the other three would render whole-time service.

4. In addition to the matters on which, under the provisions of sub-clauses (a) and (b) of clause (3) of article 280 of the Constitution, the Commission is required to make recommendations, the Commission should also make recommendations in regard to—

- (a) the States which are in need of assistance by way of grants-in-aid of their revenues under article 275, and the sums to be paid to those States other than the sums specified in the provisos to clause (1) of that article, having regard, among other considerations, to—

- (i) the revenue resources of those States for the five years ending with the financial year 1970-71 on the basis of the levels of taxation likely to be reached in the financial year 1965-66;
- (ii) the requirements of those States to meet the committed expenditure on maintenance and upkeep of Plan schemes completed during the Third Plan;
- (iii) any further expenditure likely to devolve upon those States for the servicing of their debt;
- (iv) creation of a fund out of the excess, if any, over a limit to be specified by the Commission, of the net proceeds of estate duty on property other than agricultural land accruing to a State in any financial year, for the repayment of the State's debt to the Central Government; and
- (v) the scope for economy consistent with efficiency, which may be effected by the States in their administrative expenditure;
- (b) the changes, if any to be made in the principles governing the distribution amongst the States under article 269 of the net proceeds in any financial year of estate duty in respect of property other than agricultural land;
- (c) the changes, if any, to be made in the principles governing the distribution amongst the States of the grant to be made available to the States in lieu of taxes on railway fares;
- (d) the changes, if any, to be made in the principles governing the distribution of the net proceeds in any financial year of the additional excise duties levied on each of the following commodities, namely:—
 - (i) cotton fabrics,
 - (ii) silk fabrics,
 - (iii) rayon or artificial silk fabrics,
 - (iv) woollen fabrics,
 - (v) sugar, and
 - (vi) tobacco (including manufactured tobacco) in replacement of the States sales taxes formerly levied by the State Governments:

Provided that the share accruing to each State shall not be less than the revenue realised from the levy of the sales tax for the financial year 1956-57 in that State;

- (e) the effect of the combined incidence of a State's sales tax and Union duties of excise on the production, consumption or export of commodities or products, the duties on which are shareable with the States, and the adjustments, if any, to be made in the State's share of Union excise duties, if there is any increase in the State's sales tax on such commodities or products over a limit to be specified by the Commission.

5. The recommendations of the Commission shall, in each of the above cases, cover the period of five years commencing from the 1st day of April, 1966.

S. RADHAKRISHNAN,

President.

[No. F.13(1)-B/64.]

V. T. DEHEJIA,

Secretary (Revenue and Expenditure).